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Counsel for Debtor

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

IN RE:

HSR GENERAL ENGINEERING CONTRACTORS,  
INC.,

DEBTOR.

HSR GENERAL ENGINEERING CONTRACTORS,  
INC.,

PLAINTIFF,

v.

SAFECO INSURANCE COMPANIES,

DEFENDANT.

Case No. 10-58737

Chapter 11

Adversary No. 10-05309

**STATUS CONFERENCE STATEMENT**

This adversary proceeding arises from First National Insurance Company's ("First National") willful hindrance of the HSR General Engineering Contractors, Inc.'s ("HSR") efforts to collect monies necessary for the reorganization of the debtor's estate. At the last status conference, HSR expressed an interest in meeting with First National towards a resolution of this matter. In conjunction with that representation, the following events transpired.

On or about December 12, 2010, HSR advised that it desired to meet with First National. First National responded and conditioned a meeting upon a written settlement proposal as well as supplying additional information. HSR provided both within two business days. Thereafter, First National demanded further information as a condition of a meeting.

1 The parties actually met for a number of hours on January 26, 2011. As a result of the meeting  
2 First Union responded to HSR's offer made last December. The response included a counter offer  
3 that HSR and the Dorsas's rejected.<sup>1</sup> Thereafter, HSR made an additional offer last week and is  
4 awaiting a resply.

5 At this time, the court should enter a scheduling order, and the parties can agree upon a  
6 discovery cutoff at the Case Management Conference.

7 Dated: March 4, 2011

CAMPEAU GOODSSELL SMITH  
A Law Corporation

9 By: /s/Gregory J. Charles  
10 Gregory Charles  
11 Attorneys for the Plaintiff  
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27 <sup>1</sup> Since the Dorsas are guarantors of the debtor's obligations, the parties are working  
28 toward a complete resolution.